

# **Exhibit A-3**

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF TEXAS  
SAN ANTONIO DIVISION

SECURITIES AND EXCHANGE	)	
COMMISSION	)	
	)	
Plaintiff,	)	
	)	
-against-	)	Civil Action
	)	No.: 5:21-cv-785-XR
ROBERT J. MUELLER, DEEPROOT	)	
FUNDS LLC (a/k/a dprrt Funds,	)	
LLC), AND POLICY SERVICES,	)	
INC.,	)	
	)	
Defendants,	)	
	)	
-and-	)	
	)	
DEEPROOT TECH LLC, DEEPROOT	)	
PINBALL LLC, DEEPROOT	)	
STUDIOS LLC, DEEPROOT	)	
SPORTS & ENTERTAINMENT LLC	)	
DEEPROOT RE 12621 SILICON	)	
DR LLC, AND ROBERT J.	)	
MUELLER, JEFFREY L. MUELLER,	)	
AND BELINDA G. BREEN, AS	)	
CO-TRUSTEES OF THE MB HALE	)	
OHANA REVOCABLE TRUST,	)	
	)	
Relief Defendants.	)	

VOLUME 1 OF 1  
ORAL AND VIDEOTAPED DEPOSITION OF  
NATHAN SPRADLIN  
MARCH 21, 2023  
(CONDUCTED REMOTELY.)

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7  
8 ORAL AND VIDEOTAPED DEPOSITION OF NATHAN  
9 SPRADLIN, produced at the instance of Defendants, and  
10 duly sworn, was taken in the above-styled and numbered  
11 cause on the 21st day of March, 2023, from 8:58 o'clock  
12 a.m. to 5:14 o'clock p.m., before Monica Victor, a  
13 certified shorthand reporter, in and for the State of  
14 Texas, reported by computerized stenotype machine,  
15 Nashville, Tennessee, pursuant to the Federal Rules of  
16 Civil Procedure and the provisions stated on the record  
17 or attached hereto.  
18  
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25

1 You understand that there are a number of affiliated  
2 entities that share the name deeproot?

3 A. Correct.

4 Q. Deeproot Capital Management is one of them?

5 A. Yes.

6 Q. Deeproot 575 Fund, LLC is another one?

7 A. Yes.

8 Q. And Policy Services is another one?

9 A. Yes.

10 Q. All right. So if I say "deeproot," do you  
11 understand that I mean the entire family of companies?

12 A. Sure. Yes.

13 Q. Okay. All right. So how did you get connected  
14 to deeproot? How did you find -- how did you find  
15 deeproot?

16 A. I had let my sister know that I was opening --  
17 open to moving out of Utah and I considered Texas  
18 because she lived in Texas. And so she -- I think she  
19 posted something in her Facebook page that her brother  
20 was looking for work opportunities. And I believe  
21 Robert reached out to her and said he was looking and  
22 she connected us.

23 Q. And do you know what the connection is  
24 between -- you say Robert. Do you mean Robert Mueller?

25 A. Correct.

1 Q. And do you know the connection between Robert  
2 Mueller and your sister, if any?

3 A. They went to the same church.

4 Q. Okay. And did you subsequently interview with  
5 Robert Mueller?

6 A. I did.

7 Q. And he hired you?

8 A. He did.

9 Q. All right. Let's take a look at a couple of  
10 these bullets. The second bullet says that you were  
11 managing 50 percent year-over-year growth in capital  
12 raise -- raised. Do you see that?

13 A. Correct.

14 Q. What did you mean by 50 percent year-over-year  
15 growth?

16 A. The -- the capital coming in was growing  
17 because I started at six or eight grand or -- and then  
18 it went to, like, 12 or 13 grand -- or sorry -- million.  
19 And then, like, 18 million. So the capital was  
20 increasing year over year.

21 Q. Okay. And so what -- what time frame, what  
22 years would you say that you managed 50 percent of  
23 year-over-year growth in capital?

24 A. Well, at first it was Cary and I and then it  
25 was Scott and I. So throughout the whole time I was a

1 probably asked him if he was, like, getting an attorney  
2 or anything of that nature.

3 **Q. Okay. Did you talk to him after his deposition**  
4 **by the SEC?**

5 A. After his deposition, I don't believe so  
6 because I know it was very clear once we both got  
7 attorneys that we were not supposed to talk with each  
8 other.

9 **Q. Okay. When is the last time you talked to**  
10 **Mr. Allen?**

11 A. He messaged me through Instagram sometime last  
12 year after the filing against Robert came out just to  
13 ask if I had seen it or heard it. It was a pretty quick  
14 conversation over Instagram and that was it.

15 **Q. All right. In your testimony before the SEC**  
16 **you mentioned a number of other people that you spoke**  
17 **with after receiving word that the SEC was investigating**  
18 **deeproot. Do you recall that testimony?**

19 A. I do.

20 **Q. And one of those people was Raphael Vallier.**  
21 **Am I saying that right?**

22 A. Yeah, Vallier.

23 **Q. V-A-L-L-I-E-R is his last name?**

24 A. Yep.

25 **Q. Okay. And who is Mr. Vallier?**

1           A. He was an adviser that brought clients to -- to  
2       deeproot.

3           **Q. Was he a broker-dealer?**

4           A. No, I don't believe so.

5           **Q. Was he a -- would you characterize him as a**  
6       **finder?**

7           A. Yes.

8           **Q. Okay. And what did you speak about when you**  
9       **spoke to Mr. Vallier?**

10          A. He asked if I knew what was going on and what  
11       it was about. And then, as I testified with the SEC, he  
12       asked if I knew of any fraud going on and I told him  
13       that I didn't. And then I told him that I was also  
14       advised to just tell the truth and talk to the SEC and  
15       that was the end of the conversation.

16          **Q. So you told Mr. Vallier that you were not aware**  
17       **of any fraud at deeproot?**

18          A. Correct.

19          **Q. Okay. There are a number of others mentioned**  
20       **in your testimony. Are there any other people that you**  
21       **did not mention in your testimony before the SEC that**  
22       **you recall speaking with after receiving a subpoena from**  
23       **the SEC?**

24          A. No. Greg -- Greg Talbot, another finder, tried  
25       to contact me through my -- through Facet maybe early

1 action in this case?

2 A. No.

3 Q. All right. Any third parties -- after -- the  
4 time period after the filing of the complaint in this  
5 case, have you had any contact with -- let me rephrase.  
6 After the filing of the complaint in this case, have you  
7 discussed the deeproot -- deeproot or your role therein  
8 or Mr. Mueller with anybody other than your lawyer? I  
9 don't want to know about conversations with your lawyer.

10 MS. WARDEN: Objection, compound.

11 A. Nope, other than my wife.

12 Q. (BY MR. HULINGS) All right. All right. Let's  
13 move on to deeproot. You started at deeproot I believe  
14 it was August of 2016. Is that right?

15 A. Correct.

16 Q. And you had the same set of responsibilities  
17 throughout your time at deeproot?

18 A. My overall job role expanded, I would say, but  
19 the -- the job was the same throughout.

20 Q. Is it fair to say your primary responsibility  
21 was to bring in new investments to deeproot?

22 MS. WARDEN: Objection.

23 A. Correct.

24 Q. (BY MR. HULINGS) And can you describe  
25 generally how you made contact with potential investors?



1 of interaction.

2 Q. (BY MR. HULINGS) You had multiple  
3 interactions with multiple investors and finders during  
4 your time at deeproot. Correct?

5 A. Correct.

6 Q. And so that -- those interactions gave you some  
7 familiarity with the issues that finders and investors  
8 were interested in. Correct?

9 A. Correct.

10 Q. And at various times did you convey those  
11 issues to -- let me rephrase. At various times did you  
12 describe what those issue were to Mr. Mueller?

13 A. Yes.

14 Q. And did you ask him to change some of the  
15 presentations to address some of the issues that came up  
16 in your interactions with investors and finders?

17 A. I don't recall specifically that, but  
18 some of -- yeah, some of the changes could have been  
19 made because of discussions around that, but I don't  
20 remember that direct correlation.

21 Q. Did you ask him to put more detail about  
22 Pinball in the -- in the presentations given to finders?

23 A. I believe so.

24 Q. All right. And did he do that?

25 A. From what I recall, yes.

1 presentation had -- also had, like, compensation and  
2 things like that.

3 Q. Okay. And would you ever show or describe the  
4 ppms to potential investors during that initial  
5 videoconference?

6 A. We discussed the ppm, yeah.

7 Q. All right. Did you ever -- were they visible  
8 on a screen like a share screen like we just did in --  
9 in this deposition?

10 A. No.

11 Q. Would the potential investor have a copy of the  
12 ppm before your initial conversation?

13 MS. WARDEN: Objection, foundation.

14 A. Sometimes. I guess it depended if the finder  
15 gave them a copy of it beforehand.

16 Q. (BY MR. HULINGS) So in your conversations with  
17 potential investors, at times you knew from the  
18 conversation that they -- the investor had already  
19 received a copy of the ppm?

20 A. Correct.

21 Q. All right. Did the investors ask a lot of  
22 questions during those -- let me rephrase it. Did the  
23 investors have an opportunity to ask questions during  
24 that initial presentation?

25 A. Yes.

1 Q. And did you answer those questions to the best  
2 of your ability?

3 A. Yes.

4 Q. And did you -- I mean, you understood that your  
5 responsibility -- did you understand that you had a  
6 responsibility to convey accurate information to  
7 potential investors?

8 A. Yes.

9 Q. And that you gained that understanding through  
10 your training and experience in the securities industry?

11 A. Yes.

12 Q. And did Mr. -- Mr. Mueller also told you that  
13 you had to answer all the questions accurately and  
14 provide accurate information to investors?

15 A. Yeah. I mean, that was kind of a given, yes.

16 Q. Okay. So when you're describing the ppms and  
17 giving the PowerPoint presentation to potential  
18 investors, you understood that you had an obligation to  
19 tell the truth?

20 A. Yes.

21 Q. And at any point, did you tell an investor --  
22 at any point did you give an investor any information  
23 that you thought was misleading?

24 A. No, not at the time.

25 Q. At any point while you're giving these

1 presentations, did you give an investor information that  
2 you knew to be false?

3 A. No.

4 Q. After that initial videoconference, what was  
5 the next step in the process in bringing in a new  
6 investor to deeproot?

7 A. Typically the finder -- if they were  
8 interested, the finder would help them fill out the  
9 application or give them the application to fill out and  
10 then they would send it in to -- to deeproot.

11 Q. All right. I'm going to show you what's been  
12 previously marked as Exhibit 10. Okay. Can you see  
13 this document in front of you, Mr. Spradlin?

14 A. I can.

15 Q. And what is this document?

16 A. An application.

17 Q. Is this one of the applications that deeproot  
18 used for a potential investor in the 575 Fund?

19 A. Correct.

20 Q. And in this case the investor's name is John  
21 Gray. Do you see that?

22 A. I do.

23 Q. All right. And the handwriting that is  
24 included in this agreement, would that be written by the  
25 investor?

1 over the material and if any questions came up, we would  
2 discuss the questions.

3 Q. And did you ever discuss with Mr. Mueller why  
4 deeproot was investing in deeproot Pinball and deeproot  
5 Tech, its other affiliated entities?

6 A. Yes.

7 Q. And what was his explanation as to why deeproot  
8 was making these investments?

9 A. To provide for additional income into the fund  
10 as you let the life insurance policies mature because  
11 they're not providing any income until they mature. So  
12 there were other investments needed to basically build a  
13 stronger foundation for the -- for the fund.

14 Q. So you don't know when a life insurance policy  
15 is going to mature. Correct?

16 A. Correct.

17 Q. And so a life insurance policy matures when  
18 somebody dies, and you don't know when someone is going  
19 to die. Correct?

20 A. Correct.

21 Q. And until the life insurance policy matures,  
22 there are expenses. Correct?

23 A. Correct.

24 Q. Paying life insurance premiums being one of  
25 them. Correct?

1 A. Uh-huh. Yes.

2 Q. And part of the purpose of -- and you  
3 understood that part of the purpose of investing in  
4 deeproot Tech, deeproot Pinball and these other entities  
5 was to generate liquidity for the fund so that it can  
6 pay expenses until the life insurance policies matured.  
7 Correct?

8 MS. WARDEN: Objection, vague as to  
9 generate liquidity and purpose.

10 Q. (BY MR. HULINGS) You can answer the question.  
11 I'll clarify it later.

12 A. Yeah. Yeah. So, yes, it's my understanding  
13 that the purpose of those investments were to provide  
14 additional benefits and liquidity into the fund.

15 Q. And when you use the phrase "liquidity," what  
16 do you mean?

17 A. Cash flow.

18 Q. Money?

19 A. Income. Money.

20 Q. All right.

21 A. Yes.

22 Q. And you mentioned earlier that deeproot  
23 Pinball -- that you knew that deep -- that deeproot was  
24 investing money in its pinball business. Correct?

25 A. Correct.

1 Q. And there were a number of employees that  
2 deeproot paid to develop the pinball games?

3 A. Yes.

4 Q. So that included development of software.  
5 Correct?

6 A. I'd assume it, yes. I believe so.

7 Q. So was -- deeproot was employing engineers at  
8 one point. Correct?

9 A. Yes.

10 Q. Was it also, through deeproot Studios,  
11 employing artists?

12 A. Yes.

13 Q. And that was to provide art and other effects  
14 for the pinball games among other purposes?

15 A. Correct.

16 Q. So deeproot Pinball was an ongoing -- deeproot  
17 Pinball was a real business. Correct?

18 MS. WARDEN: Objection, vague.

19 A. Correct.

20 Q. (BY MR. HULINGS) Did Robert -- did -- you  
21 spoke with Robert Mueller at length about the pinball  
22 business. Correct?

23 A. Many times I spoke with him about the pinball  
24 business, yes.

25 Q. And did he give you the impression that he

1 believed the deeproot Pinball business would eventually  
2 yield income to deeproot?

3 A. Yes, he did.

4 Q. He thought the business was going to work.

5 Correct?

6 A. Correct.

7 Q. And did you share that belief at one point?

8 A. At one point, yes.

9 Q. And is it fair to say that it took longer to  
10 develop the pinball machines than deeproot anticipated?

11 A. Yes.

12 Q. There were engineering problems at various  
13 points?

14 A. There were -- I don't know the ins and outs of  
15 the business, but there were delays in the development.

16 Q. Okay. All right. Let's move on. Let's go to  
17 page 9. You see this? Page 9?

18 A. I'm seeing the initial one you showed me, the  
19 very front cover.

20 Q. All right. So this is --

21 A. There --

22 Q. All right. This -- this slide, page 10,  
23 describes the 575 Fund. Correct?

24 A. Correct.

25 Q. And this is the -- the 575 that we previously



1 A. Yes.

2 Q. And so did you convey to investors that it was  
3 required that they read the ppm before making an  
4 investment?

5 A. Yeah, we always recommended them reading it.

6 Q. Okay. More than recommended. It was required  
7 before they invested. Correct?

8 A. I mean, it states required there, yes. I can't  
9 say if they read it or not, but we always suggested and  
10 recommended they -- they -- they read it.

11 Q. And the application that we saw earlier  
12 required that they indicate that they read -- the  
13 application you saw earlier in this deposition required  
14 that an investor indicate that they had read and  
15 understood the ppm. Correct?

16 A. Correct.

17 Q. All right. Let's -- I'm going to do what's --  
18 show you what's been previously marked as Exhibit 5. Do  
19 you see that?

20 A. Yes.

21 Q. Do you recognize this document?

22 A. Yes.

23 Q. What is this document?

24 A. It looks like the first page in the 575 ppm.

25 Q. All right. And it says -- there's a date at

1 the bottom. Do you see that?

2 A. Yes.

3 Q. Does it appear to be a document that was used  
4 starting in September 16, 2019?

5 A. Yes.

6 Q. This would be one of the ppms that were  
7 provided to investors prior to them -- prior to deeproot  
8 accepting their investment?

9 A. Correct.

10 Q. All right. And you would occasion -- on  
11 occasion walk through this ppm with a potential  
12 investor?

13 A. If they had questions, I would typically point  
14 them to, like, the -- like, the risk section or -- or --  
15 or what we invest in within the ppm.

16 Q. And you read this ppm thoroughly before  
17 describing to an investor. Correct?

18 A. Yes.

19 Q. And at the time you were at deeproot, did you  
20 think that there was anything in this ppm that was  
21 false?

22 A. No.

23 Q. Did you think that there was anything in this  
24 ppm that was misleading?

25 A. At the time, no.

1     **Liquidity."**   Do you see that?

2             A.   I do.

3             Q.   And did you ever describe -- did you ever tell  
4     investors that there was -- one of the risk factors for  
5     investing in the 575 Fund was a lack of liquidity?

6             A.   I don't recall specifically speaking to this  
7     point.

8             Q.   Do you have an understanding of what the phrase  
9     "liquidity" meant in the context of these risks?

10            A.   Yes.

11            Q.   And in this context it meant that they wouldn't  
12    be able to sell their shares after they invested.  
13    Correct?

14                   MS. WARDEN:   Objection.

15            A.   Give me -- I -- let me read it real quick.  
16    Yes.   Correct.

17            Q.   (BY MR. HULINGS)   Okay.   Let's go to page 8 of  
18    the pdf, Section L.   It says, "No Guarantee of Fixed  
19    Returns" -- "Fixed Returns."   Do you see that?

20            A.   Yes.

21            Q.   So you explained to investors that their  
22    investment was not guaranteed.   Correct?

23            A.   I -- yes, I do recall that.

24            Q.   That there is a -- a possibility that their  
25    investment might not result in a return that deeproot

1 expected at the time of the investment. Correct?

2 A. Yeah, but we were -- I was very specific and  
3 clear that there were no guarantees.

4 Q. All right. It actually says at the end of the  
5 paragraph, "We may not be able to pay a periodic  
6 Priority Return or Liquidation Amount when due." Do you  
7 see that?

8 A. I do.

9 Q. So the 575 Fund required that deeproot make  
10 certain payments to investors. Correct?

11 A. Correct.

12 Q. And those included monthly payments to -- to  
13 investors depending on their election. Correct?

14 A. Yes.

15 Q. And so you warned investors that there was a  
16 possibility that deeproot might not be able to make  
17 those periodic payments. Correct?

18 MS. WARDEN: Objection, vague.

19 A. I don't recall having that specific  
20 conversation with investors.

21 Q. (BY MR. HULINGS) You certainly didn't tell an  
22 investor that their monthly payments were guaranteed.  
23 Correct?

24 A. Correct.

25 Q. Okay. All right. Let's go to page 6. It's

1 A. Correct.

2 Q. So in this case you've got expenses to  
3 deeproot -- let me rephrase. The -- a contract signed  
4 by deeproot that requires it to make payments results in  
5 an expense to deeproot. Correct?

6 MS. WARDEN: Objection, compound.

7 A. Correct.

8 Q. (BY MR. HULINGS) So you would categorize as  
9 expenses the payments that deeproot was required to make  
10 based on its contracts. Correct?

11 MS. WARDEN: Objection, asked and answered.

12 A. Correct.

13 Q. (BY MR. HULINGS) And so the 575 -- the  
14 investments into the 575 Fund were made pursuant to a  
15 contract. Correct?

16 MS. WARDEN: Objection, foundation.

17 A. Correct.

18 Q. (BY MR. HULINGS) All right. That's that  
19 agreement that we saw earlier. Correct?

20 A. Yes.

21 Q. And so that agreement with investors in some  
22 cases required payments from deeproot to the investor.  
23 Correct?

24 A. Yes.

25 Q. And so those payments that were required --

1 that deeproot was required to make pursuant to its  
2 contract with investors were expenses for deeproot.

3 Correct?

4 A. Correct.

5 Q. Okay. All right. Let's move on. The Company  
6 Advance also mentions fund adviser fees. Do you see  
7 that?

8 A. Fund -- yes. Yes.

9 Q. Okay. Who is the fund adviser for the 575  
10 Fund?

11 A. I would assume Robert.

12 Q. So this is indicating to investors that Robert  
13 Mueller was receiving some kind of a -- a payment for  
14 services provided in the 575 Fund?

15 MS. WARDEN: Objection, vague.

16 A. Yes, I would assume so.

17 Q. (BY MR. HULINGS) All right. Let's go a little  
18 further down to -- all right. So it -- on page 15 of  
19 the pdf from the bottom is a paragraph that begins with  
20 "Robert J. Mueller is the only executive of the  
21 Company." Do you see that?

22 A. Yes.

23 Q. The second sentence -- the third sentence says,  
24 "Robert is paid a salary from the Ultimate Parent for  
25 all services provided across all the entities." Do you

1           **Q. Every day or almost every day. Correct?**

2           A. For a time, yes, every day or frequently, every  
3 so -- every few days or whatnot.

4           **Q. Okay. All right. Are you familiar with an**  
5 **entity called FactRight?**

6           A. Yes.

7           **Q. What is FactRight?**

8           A. They're a due diligence company.

9           **Q. All right. So what does FactRight do?**

10          A. They provide a -- from what I remember --  
11 basically a due diligence report for other companies,  
12 broker-dealers, to use so that they don't have to go  
13 through that process of due diligence. They're  
14 basically relying on FactRight to go through that due  
15 diligence for them.

16          **Q. All right. And --**

17          A. In some way, shape or form.

18          **Q. And so was -- is there a report that FactRight**  
19 **provided to its clients?**

20          A. Yeah, we had the report. I can't remember if  
21 they were provided it or not, but, yes.

22          **Q. I'm -- I'm going to -- I'm going to show to you**  
23 **in a second. But your memory was -- is that -- is it**  
24 **your memory that FactRight as part of its business would**  
25 **provide a report to its clients?**

1           A. Yes, I believe so.

2           **Q. And the report was a due diligence report on,**  
3 **in this case, deeproot. Correct?**

4           A. Correct.

5           **Q. All right. And was there a -- was there a time**  
6 **where deeproot worked with FactRight?**

7           A. What do you mean by worked with?

8           **Q. Yeah, that's fair.**

9           A. Like, did we use them to get the report?

10          **Q. That -- that's fair. So did you undergo the**  
11 **due diligence that -- did you undergo due diligence**  
12 **conducted by FactRight? "You" meaning deeproot.**

13          A. Deeproot did, yes. Yes.

14          **Q. And were you involved in -- were you -- did you**  
15 **engage in any communications directly with FactRight**  
16 **regarding the due diligence?**

17          A. I believe I was part of some of the  
18 conversations. I don't recall how involved I was at  
19 that time.

20          **Q. Who else would have been involved?**

21          A. Primarily Robert and whoever else was there at  
22 the time, either Cary or Scott.

23          **Q. And why did deeproot undergo the diligence**  
24 **process conducted by FactRight?**

25          A. I believe it was -- I think we were trying to



1 get on with a couple broker-dealers and so I -- I  
2 believe it was recommended for us to go through that  
3 process.

4 **Q. All right.**

5 A. For deeproot to go through that process.

6 **Q. What's a broker-dealer?**

7 A. Broker-dealer?

8 **Q. Yes.**

9 A. A company that can -- that has basically  
10 advisers underneath it, basically a bigger platform to  
11 bring in more clients for deeproot.

12 **Q. So it's fair to say that a broker-dealer would**  
13 **be able to present deeproot's -- is it fair to say that**  
14 **a broker-dealer would be able to introduce deeproot to**  
15 **potential investors?**

16 A. Yes.

17 **Q. And so part of the reason why deeproot went**  
18 **through the diligence process with FactRight was to be**  
19 **able to meet new broker-dealers through FactRight.**  
20 **Correct?**

21 A. Yes.

22 **Q. And the -- hopefully, the end result of that**  
23 **was additional investors for the deeproot funds.**  
24 **Correct?**

25 A. Correct.

1           **Q. Okay. Do you recall the information that was**  
2           **requested by FactRight when they did their diligence?**

3           A. I'm sure the ppms. I -- I don't recall a whole  
4           lot of information. I think we did some kind of audit  
5           or something of that sort.

6           **Q. What -- what do you recall as the -- the nature**  
7           **of the audit? What do you mean by audit?**

8           A. I believe it was a -- yeah. I -- I -- I  
9           don't -- I -- I was -- I wasn't involved heavily and I  
10          don't know if it was a financial audit or audit of how  
11          the funds worked, but some -- I think some third party  
12          came in and did an audit.

13          **Q. All right. So you -- you used the phrase**  
14          **"audit." So what -- what makes you think that this was**  
15          **an audit, just from your memory? What do you recall**  
16          **about the interactions with FactRight to make you think**  
17          **that there was an audit conducted?**

18          A. From what I recall, there was a separate --  
19          there was a separate company that came in to review --  
20          and this could not be associated with FactRight. I  
21          could be remembering not correctly here. But there --  
22          at some point there was a -- a company that came in and  
23          reviewed at a deeper level either the functioning of the  
24          funds or the financials or something of that sort.

25          **Q. All right. Did -- did FactRight have a -- are**

1 you aware of FactRight's reputation within the financial  
2 services industry?

3 A. Yes.

4 Q. And could you describe that reputation for us?

5 A. From what I know, they -- they -- they were  
6 always at conferences that we would go to. And I think  
7 there was FactRight and another firm that did the due  
8 diligence reports and many others had used or relied on  
9 the FactRight report.

10 Q. So obtaining FactRight's -- obtaining a --  
11 obtaining a positive report -- well, let me put it this  
12 way. So it was in deeproot's interest -- well, let me  
13 rephrase. Having a diligence report conducted by  
14 FactRight would help potential investors gain confidence  
15 that deeproot was a worthy investment. Is that fair --

16 MS. WARDEN: Object --

17 Q. (BY MR. HULINGS) -- to say?

18 MS. WARDEN: Objection, vague as to help  
19 and worthy investment.

20 A. That's correct.

21 Q. (BY MR. HULINGS) Okay. And that's why  
22 deeproot went through the diligence process. Correct?

23 MS. WARDEN: Objection, foundation.

24 A. Correct.

25 Q. (BY MR. HULINGS) Okay. You -- you were

1 working at deeproot at the time. Correct?

2 A. Yes.

3 Q. And you spoke with Robert Mueller about the  
4 FactRight diligence process?

5 A. Yes.

6 Q. And you gained an understanding as to why  
7 deeproot was undergoing the process. Correct?

8 A. Yes.

9 Q. Okay. Let's look at an e-mail. I'm going to  
10 share my screen. All right. You see the e-mail in  
11 front of you?

12 A. Yes.

13 Q. And for the record, the Bates number here is  
14 EPROD-SEC-DEF00160142. Okay. You see the CC? It's  
15 your e-mail address. Correct?

16 A. Yes.

17 MR. HULINGS: And -- just a moment. Well,  
18 you know, we've been going about an hour again. This is  
19 going to take a little while. So my goal was to take a  
20 break about every hour. So if it's all right with  
21 everybody, this is probably a good time to -- to pause.

22 MR. SHEDLOCK: Sure.

23 MR. HULINGS: Ten minutes.

24 MR. SHEDLOCK: Okay.

25 MS. WARDEN: All right.

1 THE VIDEOGRAPHER: Off the record, 11:21.

2 (Recess 11:21 a.m. to 11:33 a.m.)

3 THE VIDEOGRAPHER: Our time is 11:33.

4 We're on the record.

5 MR. HULINGS: Okay. So for the record, I  
6 showed an e-mail previously that had the -- that I sort  
7 of mislabeled as Exhibit 47. I'm now showing -- I'm  
8 sorry -- I mislabeled as Exhibit 46. I'm now showing an  
9 e-mail -- or going to be showing an e-mail that we're  
10 designating as Exhibit 46. And let me clean this up.

11 Q. (BY MR. HULINGS) All right. So okay,  
12 Mr. Spradlin, I'm showing you what is going to be marked  
13 as Exhibit 46. The Bates number for that is  
14 EPROD-SEC-DEF00160142. All right. Do you see this  
15 e-mail in front of you?

16 A. I do.

17 Q. All right. It's from someone named Russell  
18 Putnam. Do you see that?

19 A. Yeah.

20 Q. And -- and who is Russell Putnam?

21 A. I believe somebody that worked at FactRight.

22 Q. And actually on the same page the signature is  
23 down below and says, "Due Diligence Analyst." Do you  
24 see that?

25 A. Yes.

1           Q. In fact, he's up -- up near where your attorney  
2 is in Eden Prairie, Minnesota. Do you see that?

3           A. Yes.

4           Q. All right. And this e-mail is to  
5 scott@deeprootadvisors.com. Do you see that?

6           A. I do.

7           Q. Is that Scott Allen's e-mail address?

8           A. Yes.

9           Q. And you are CC'd. Correct?

10          A. Yes.

11          Q. Okay. Who is Ashley Hunecke, Hunecke?

12          A. I do not recall who that is. Possibly somebody  
13 at FactRight.

14          Q. All right. So -- okay. So Robert Mueller  
15 isn't on this e-mail at all. Correct?

16          A. No.

17          Q. And do you recall this -- this e-mail?

18          A. Not specifically, no.

19          Q. Let's go down to page 7, which is the first  
20 e-mail in the chain. Page 8. Do you see there's an  
21 e-mail at the bottom of page 8 that is from Russell  
22 Putnam to you and to Scott Allen. Do you see that?

23          A. Yes.

24          Q. It actually indicates a CC to Ashley Hunecke  
25 who is at FactRight. Do you see that?

1     **ETA at this point when everything will completed." Do**  
2     **you see that?**

3             A. I do.

4             **Q. Do you have an understanding what "everything"**  
5     **that is used in this e-mail refers to?**

6             A. I do not. I see in the subject line it says,  
7     "deeproot Review," which I think you -- I think the  
8     report was good for a year or two and then you had to  
9     renew it. So I think this was due to a renewal.

10            **Q. So prior to these e-mails, deeproot had already**  
11    **gone through the FactRight diligence process once.**  
12    **Correct?**

13            A. Correct.

14            **Q. And this was part of the renewal process.**  
15    **Correct?**

16            A. I believe so.

17            **Q. And that renewal would gain access to**  
18    **FactRight's clients, including broker-dealers, for**  
19    **another period of time, however long the renewal lasted.**  
20    **Correct?**

21            A. Can you repeat that one?

22            **Q. Yeah. That was a terrible question. I'm**  
23    **sorry. So after -- we talked about this a little bit**  
24    **before, but when FactRight finishes a report, it makes**  
25    **that report available to its clients. Correct?**

1 be made at the sole discretion of FactRight. Do you see  
2 that?

3 A. Yes.

4 Q. And do you recall any communications with  
5 Mr. Mueller about changes that needed to be made to  
6 FactRight reports?

7 A. Changes that needed to be -- I don't recall. I  
8 vaguely feel like there were -- I mean, there were  
9 changes as we went back and forth -- as deeproot went  
10 back and forth with the initial due diligence -- due  
11 diligence report, but I don't recall any specific  
12 changes or changes related to this review.

13 Q. What -- what do you recall about the  
14 discussions with Mr. Mueller regarding the initial  
15 FactRight report?

16 A. I -- I don't remember specifics. I just  
17 remember -- I think there was a conversation where -- I  
18 mean, they were -- they sent the draft back and then I  
19 think Robert -- I -- I don't -- I don't have a whole lot  
20 of information. It's a vague memory.

21 Q. All right. Are you aware of -- did -- did  
22 Mr. Mueller indicate to you during the diligence process  
23 with FactRight that he intended to give FactRight all of  
24 the information it requested?

25 A. Yeah.



1           Q.   So Mr. Mueller said he intended to give  
2   FactRight all the information it requested?

3           A.   I -- I don't remember those exact words, but  
4   they needed specific information to be able to do their  
5   report, and I believe he provided all that.

6           Q.   All right. And then there's -- the next e-mail  
7   up is an e-mail from you to -- to Mr. Mueller. Correct?

8           A.   Yes.

9           Q.   It says, "See attached for FactRight drafts.  
10   See below e-mail. Need to review in the next five  
11   days." Correct?

12          A.   Yes.

13          Q.   All right. This is October 15th, 2019?

14          A.   Yes.

15          Q.   And do you recall any communications with  
16   Mr. Mueller subsequent to that e-mail?

17          A.   No --

18          Q.   All right.

19          A.   -- not specifically.

20          Q.   Okay. So Mr. Mueller responds to you and to  
21   Scott Allen but not to Mr. Putnam. Correct? The  
22   following the e-mail?

23          A.   Yeah. Yeah.

24          Q.   And he identifies in this e-mail some changes  
25   that he thinks should be made to the two reports.

1       October 15th." Do you see that?

2           A. Yes.

3           Q. All right. And then it says that "The reports  
4       will only be available to broker-dealers and registered  
5       investment advisers through the FactRight report center  
6       website." Do you see that?

7           A. Yes.

8           Q. Did you ever access this website?

9           A. The FactRight report center website. I'm --  
10       I'm not sure.

11          Q. Okay. It also says that you agree not to  
12       distribute the report directly and will request  
13       interested parties to register for access at the  
14       website. Correct?

15          A. Yes.

16          Q. All right. Let's look at some of these  
17       reports. Let me go down to page 9. All right. This  
18       doc -- page 9 says the FactRight Due Diligence Report  
19       for deeproot. Offering: Deeproot 575 Fund, LLC. Do  
20       you see that?

21          A. Yes.

22          Q. Do you recall reviewing this document?

23          A. I don't recall reviewing it, but I probably  
24       did.

25          Q. Does it look -- does this look familiar to you?

1 A. Yes. Yes.

2 Q. So whether or not you reviewed this particular  
3 document, at some point you reviewed due diligence  
4 reports by FactRight that looked like this?

5 A. Yes.

6 Q. All right. Okay. Let's go page 12. You see  
7 this, it says, "Executive Summary"?

8 A. Yes.

9 Q. All right. At the bottom there's a section  
10 that says, "Use of funds." See that?

11 A. Yes.

12 Q. And there's a line that says, "Upright  
13 Expense" -- "Upfront Expense Maximum." Do you see that?

14 A. Yes.

15 Q. And it has percentage of equity at 20 percent.  
16 Correct?

17 A. Yes.

18 Q. So is this the -- did you understand this  
19 upfront expense maximum to be the -- the company advance  
20 identified in the ppms?

21 A. I would assume so.

22 Q. I mean, you're -- we reviewed the ppms a  
23 little -- earlier in the deposition. Correct?

24 A. Yes.

25 Q. And the ppms, at least at one time, had a

1 20 percent company advance --

2 A. Correct.

3 Q. -- identifying that the company could take a 20  
4 percent advance from any funds invested in the -- in  
5 this case, the 575 Fund. Correct?

6 A. Correct.

7 Q. All right. So that -- that is consistent with  
8 the representations that you were making to investors  
9 about the company advance. Correct?

10 MS. WARDEN: Objection --

11 A. Correct.

12 MS. WARDEN: -- form.

13 A. Correct.

14 Q. (BY MR. HULINGS) And, in fact, on the next  
15 page, on page 13, it says, "Total Up Front Advance." Do  
16 you see that?

17 A. Yes.

18 Q. And it says two percent minimum capped at 20  
19 percent. Correct?

20 A. Yes.

21 Q. And that is also consistent with the company  
22 advance section of the ppms. Correct?

23 A. Correct.

24 Q. All right. Under Operating Fees, the next  
25 section down, it says, "Asset Management Fee." Do you

1 see that?

2 A. Yes.

3 Q. It says, "The fund will pay an asset management  
4 fee indirectly." Do you see that?

5 A. I do.

6 Q. And did you understand what the term  
7 "indirectly" meant in this?

8 A. Not that I recall.

9 Q. So are you familiar with -- you're aware that  
10 the deeproot 575 Fund paid a management fee to Policy  
11 Services. Correct?

12 A. That was outlined in the ppm, yes.

13 Q. Yes. And Policy Services paid your salary and  
14 Robert Mueller's. Correct?

15 A. Correct. I'm -- yes.

16 Q. All right. So this report indicates that the  
17 asset management fee would be paid to -- under the last  
18 column -- to manager. Correct?

19 A. Yes.

20 Q. So, in other words, this report is telling  
21 potential investors or potential broker-dealers that  
22 Robert Mueller will be paid through the asset management  
23 fee. Correct?

24 MS. WARDEN: Objection, misstates  
25 testimony.

1           A. It's stating that it will pay a asset  
2 management fee or campaign asset manager fee to the  
3 manager.

4           Q. (BY MR. HULINGS) All right. Okay. And who is  
5 the manager of the 575?

6           A. Robert.

7           Q. All right. Let's go down to page 14 toward the  
8 bottom. Do you see under the -- the bullet that starts  
9 with "The Fund will then pay the Advance to the  
10 Manager"? Do you see that?

11          A. Yes.

12          Q. And then it identifies -- the second bullet  
13 identifies reimbursement of organizational and  
14 offering -- sorry -- reimbursement of organizational and  
15 offering expenses. Do you see that?

16          A. Yes.

17          Q. Are you aware -- did you have any discussions  
18 with Robert about what the organizational and offering  
19 expenses would be?

20          A. Not that I recall.

21          Q. All right. Then there's another bullet that  
22 says, the organizing -- operating and dis- -- the  
23 organizational and offering -- the O&O expenses include  
24 administration expenses. Do you see that?

25          A. Yes.

1           Q. Also states that the O&O expenses would include  
2 other compensations expenses. Correct?

3           A. Yes.

4           Q. So this bullet in the FactRight report is  
5 consistent with deeproot's representations in its ppms  
6 about how the advance would be used. Correct?

7           MS. WARDEN: Objection, calls for a legal  
8 conclusion.

9           A. I understand them to be similar, yes.

10          Q. (BY MR. HULINGS) This paragraph in the  
11 FactRight report is consistent with your representation  
12 to investors as to how the company advance would be  
13 spent. Correct?

14          MS. WARDEN: Vague as -- objection, vague  
15 as to spent.

16          A. Yes. I -- I don't recall referencing this in  
17 the FactRight report. I recall referencing the ppm. It  
18 seems consistent in how the language is written.

19          Q. (BY MR. HULINGS) Are you aware that -- of  
20 FactRight expressing any concerns about how the  
21 administrative expenses were disclosed in the ppms?

22          MS. WARDEN: Objection, vague as to  
23 concerns.

24          A. I don't recall any conversations around  
25 concerns of FactRight.

1 Q. (BY MR. HULINGS) Are you aware whether  
2 FactRight indicated to deeproot that there was something  
3 wrong or misleading or false -- let me rephrase. Did --  
4 are you aware whether FactRight indicated to deeproot  
5 that its company advance section in the ppms was false  
6 or misleading in any way?

7 MS. WARDEN: Objection, calls for a legal  
8 conclusion.

9 A. I'm not aware of that.

10 Q. (BY MR. HULINGS) And you -- do you recall  
11 FactRight recommending any changes to the ppms regarding  
12 the company advance section?

13 A. No, do not recall any conversation on that.

14 Q. Let's go to the next page. It says,  
15 "Management represented that the remaining 11 percent of  
16 offering proceeds covers agent compensation, if any,  
17 nominal administration expenses, IR" -- RA -- "IRA fees,  
18 other compensation, marketing costs, and Fund adviser  
19 fees." Do you see that?

20 A. Yes.

21 Q. Is this paragraph also consistent with the  
22 representations that you made in the ppms and other  
23 investor materials?

24 A. Yes.

25 Q. All right. So, again, deeproot isn't hiding



1 the fact that Robert Mueller is going to be paid for his  
2 services. Correct?

3 MS. WARDEN: Objection, form.

4 A. Correct.

5 Q. (BY MR. HULINGS) And FactRight -- you  
6 mentioned that FactRight is a company that provides due  
7 diligence on funds like the deeproot funds. Correct?

8 A. Correct.

9 Q. And it's describing the way Robert Mueller  
10 would be paid in its report provided to broker-dealers  
11 and others. Correct?

12 MS. WARDEN: Objection, misstates  
13 testimony.

14 A. Yes. Correct.

15 Q. (BY MR. HULINGS) And they are describing that  
16 method of payment in a way that does not indicate that  
17 there's anything wrong with that method of payment.  
18 Correct?

19 MS. WARDEN: Objection, misstates  
20 testimony.

21 A. Yeah. Can you rephrase this question? Sorry.

22 Q. (BY MR. HULINGS) Sure. Are you aware whether  
23 in this paragraph or anywhere else in the report  
24 FactRight is telling broker-dealers or others of its  
25 clients that there was something improper --

1 A. No.

2 Q. -- in the way --

3 MS. WARDEN: Object --

4 MR. HULINGS: Wait. Let me finish the  
5 question and -- let me finish the question before  
6 there's an objection. So let me just stop for a second.

7 Q. (BY MR. SPRADLIN) So, Mr. Spradlin, sometimes  
8 we have to give -- you have to give me a chance to ask  
9 the question. You have to give Ms. Warden to -- a  
10 chance to put her objection on the record. We can't  
11 talk over each other because the court reporter needs to  
12 be able to get us all down. So let me start that again.

13 Are you aware of any -- in this paragraph  
14 or anything else in this report in which FactRight  
15 expressed to broker-dealers or other of its customers  
16 that there was anything improper with the way deeproot  
17 was compensating Mr. Mueller?

18 MS. WARDEN: Objection, vague. Compound.  
19 Calls for speculation.

20 Q. (BY MR. HULINGS) You can ignore those --

21 A. No.

22 Q. -- objections and answer.

23 A. No.

24 Q. Okay. All right. Let's go to page 16. And --  
25 all right. It says, "Targeted" -- under "Investment

1 Overview." Do you see that?

2 A. Yes.

3 Q. And the first sentence under Targeted  
4 Investment says, "FactRight reviewed offering  
5 documentation to identify whether the Fund's investment  
6 strategy is reasonable and clearly articulated and to  
7 determine whether the Manager has the discretion to  
8 diverge from the articulated strategy." Do you see  
9 that?

10 A. Yes.

11 Q. Is this paragraph consistent with what you  
12 understood FactRight to be doing during this due  
13 diligence review?

14 A. Yes.

15 Q. Part of what FactRight was doing was trying to  
16 determine whether or not deeproot's investment strategy  
17 was reasonable. Correct?

18 MS. WARDEN: Objection, misstates  
19 testimony.

20 A. Correct.

21 Q. (BY MR. HULINGS) And then the report proceeds  
22 to describe the investment strategy of the 575 Fund.  
23 Correct?

24 A. Yes.

25 Q. Including that 50 percent or more of the assets

1 of the 575 Fund would be in the dGRD fund. Correct?

2 A. Yes.

3 Q. And then it subsequently describes the  
4 structure of the dGRD fund and the business plan of the  
5 dGRD fund. Correct?

6 A. Yes.

7 Q. And deeproot had the opportunity to -- to make  
8 any changes to this section during the review process.  
9 Correct?

10 A. Yes.

11 Q. All right. Let's scroll down to page 18. It  
12 says, "Other Underlying Funds." Do you see that?

13 A. Yes.

14 Q. And this part of the report describes the 49  
15 percent of the portfolio of the 575 Fund that may be  
16 invested in the deeproot affiliated entities like  
17 deeproot Pinball. Correct?

18 A. Yes.

19 Q. And is this description -- and if you need to  
20 take a second, that's fine -- consistent with your  
21 understanding of deeproot's investments in deeproot  
22 Sports and Entertainment, deeproot Pinball and -- and  
23 other deeproot investments?

24 A. Yes.

25 Q. And this summary is consistent with the

1 representations you were making to other investors about  
2 how deeproot -- deeproot's 575 Fund portfolio was  
3 structured. Correct?

4 MS. WARDEN: Objection, vague.

5 A. Correct.

6 Q. (BY MR. HULINGS) All right. Let's go to page  
7 19, the paragraph -- the first full paragraph. And it  
8 says, "The Manager may cause the Fund to transact in  
9 affiliated acquisitions and sales without further  
10 restriction." Do you see that?

11 A. Yes.

12 Q. The next sentence says, "These transactions  
13 will not be negotiated on a third-party, arm's length  
14 basis." Do you see that?

15 A. I do.

16 Q. Is that sentence -- do you believe that  
17 sentences to be accurate?

18 A. I'm not sure -- really sure what he meant by  
19 that.

20 Q. Okay. Do you understand what it means to  
21 negotiate an agreement at third-party, arm's length  
22 basis?

23 MS. WARDEN: Objection, calls for a legal  
24 conclusion.

25 A. No.

1 Q. Okay. You testified previously that you don't  
2 remember telling any -- an investor that deeproot was  
3 not permitted to take out loans. Correct?

4 A. Correct.

5 Q. And this sentence is consistent with your  
6 representations to investors. Correct?

7 MS. WARDEN: Objection, misstates  
8 testimony.

9 A. It is consistent with my understanding of our  
10 ability to use leverage, but leveraging debt didn't  
11 really come up a lot.

12 Q. (BY MR. HULINGS) So the paragraph of that  
13 section says, "The Manager represented to FactRight that  
14 it does not intend to leverage the Fund." Do you see  
15 that?

16 A. Yes.

17 Q. And it says, "FactRight believes that the  
18 Fund's intended leverage strategy is reasonable, but the  
19 Manager in the Underlying Funds may utilize leverage at  
20 any time." Do you see that?

21 A. Yes.

22 Q. So FactRight, an independent due diligence  
23 company, has reviewed deeproot's materials and  
24 determined that deeproot reserved the right to borrow  
25 money if it decided.

1 MS. WARDEN: Objection --

2 Q. (BY MR. HULINGS) Is that fair?

3 MS. WARDEN: -- calls for a legal  
4 conclusion. Misstates testimony. Compound.

5 MR. HULINGS: Ms. Warden, you've got to let  
6 me finish the sentence before --

7 MS. WARDEN: I thought you were done.

8 MR. HULINGS: -- before you object.

9 THE REPORTER: One at a time, please.

10 MR. HULINGS: Thank you.

11 THE REPORTER: Thank you.

12 Q. (BY MR. HULINGS) So this report is telling  
13 broker-dealers that deeproot may borrow money in the  
14 future. Correct?

15 MS. WARDEN: Objection, form.

16 A. Yes. It is saying that it has the ability to  
17 use leverage.

18 Q. (BY MR. HULINGS) All right. Okay. Let's stay  
19 on page 21 and go to the bottom. This -- this section  
20 says, "Distributions." Do you see that?

21 A. Yes.

22 Q. Take a second to read the -- the Distributions  
23 paragraph and the -- the rest of the page here. Just  
24 take a second to read that, if you don't mind. Let me  
25 know when you're done.

1 A. Okay.

2 Q. All right. Do these bullets under -- in the  
3 Distribution section describe the various forms of  
4 payments that could be made to investors in the 575  
5 Fund?

6 MS. WARDEN: Objection, vague.

7 A. Yeah.

8 Q. (BY MR. HULINGS) And do those descriptions in  
9 this section accurately describe the payments that could  
10 be made to the 575 Fund at this time?

11 A. I believe so.

12 Q. All right. Call your attention to the bullet  
13 that says, "The Fund may make distributions from any  
14 source." Do you see that?

15 A. Yes.

16 Q. The sub bullet says, "As a result, the Fund may  
17 be able to provide the preferred return with funds not  
18 earned through its operations." Do you see that?

19 A. Yes.

20 Q. You're aware of the sources of funds to the 575  
21 Fund. Correct?

22 A. Yes.

23 Q. And based on your understanding of those  
24 sources of funds, what funds -- let me just -- let me  
25 rephrase with out using funds so many times. You are



1 familiar with the moneys that were raised by the 575  
2 Fund. Correct?

3 A. Correct.

4 Q. You're also familiar with the moneys that would  
5 be earned by the 575 funds through its operations.  
6 Correct?

7 MS. WARDEN: Objection, vague.

8 A. Correct. Through the life policies and other  
9 entities that could come from that.

10 Q. (BY MR. HULINGS) So it's a life --

11 THE REPORTER: Can you repeat that answer?  
12 I didn't understand it.

13 A. I was just saying, yes, from the potential life  
14 policies and the other operations that could come in the  
15 future.

16 Q. (BY MR. HULINGS) So -- so if a life policy  
17 matures, the payment from the life insurance policy  
18 would be funds earned through the operations of the 575  
19 Fund. Correct?

20 MS. WARDEN: Objection, calls for  
21 speculation.

22 MR. SHEDLOCK: You can answer.

23 A. Correct.

24 Q. (BY MR. HULINGS) So funds going into the 575  
25 funds that were not earned through operations, would

1     that include investments by investors?

2           A.   That's how I -- that's how I understand it,  
3     yes.

4           Q.   So is this paragraph indicating to  
5     broker-dealers that there's anything improper about the  
6     fund providing preferred returns with funds not earned  
7     through its operations?

8                   MS. WARDEN:  Objection, vague.  Compound.  
9     Calls for a legal conclusion.

10          A.   No.

11          Q.   (BY MR. HULINGS)  Are you aware of FactRight  
12     ever informing deeproot that it was improper for the 575  
13     Fund to provide preferred returns to investors with  
14     funds not earned through its operations?

15                   MS. WARDEN:  Objection, vague.

16          A.   I'm not aware.

17          Q.   (BY MR. HULINGS)  And you testified earlier  
18     that Fact -- well, let me rephrase it.  FactRight was  
19     well known within the financial services industry.  
20     Correct?

21          A.   Yes.

22          Q.   It had a reputation for being diligent in its  
23     reviews of the companies it recommended.  Correct?

24                   MS. WARDEN:  Objection, misstates  
25     testimony.

1           A. It -- yeah. It's reputation -- reputation,  
2           from my understanding was that many people relied on --  
3           many broker-dealers and such relied on their reports.

4           **Q. (BY MR. HULINGS) And -- and this report is**  
5           **stating that the 575 Fund may use funds from new**  
6           **investors to pay returns to previous investors. Is that**  
7           **a fair reading of this?**

8                     **MS. WARDEN:** Objection, misstates  
9           testimony.

10          A. It doesn't say the investors, but from my  
11          understanding, that's assumed.

12          **Q. (BY MR. HULINGS) Okay. So what you have here**  
13          **is a report from a well-respected due diligence company**  
14          **indicating that the 575 Fund may use funds from new**  
15          **investors to pay premiums to old investors. That's how**  
16          **deeproot understood this paragraph. Correct?**

17                     **MS. WARDEN:** Objection, misstates  
18          testimony. Vague. Calls for a legal conclusion and  
19          asked and answered.

20          A. That's how I understand it.

21          **Q. (BY MR. HULINGS) So did this -- you are aware**  
22          **that Mr. Mueller likely -- are you aware that**  
23          **Mr. Mueller read this report?**

24          A. I would assume he read it, yes.

25          **Q. And you read this report. Correct?**

1 maybe JP's manager --

2 Q. Okay.

3 A. -- above JP.

4 Q. And the CCs in this e-mail, one of them is  
5 Scott Allen. Correct?

6 A. Yeah.

7 Q. And the other is deeproot Funds. Do you see  
8 that?

9 A. Yes.

10 Q. What is the deeproot Funds e-mail?

11 A. I don't remember.

12 Q. Okay. All right. So let's scroll down to the  
13 first e-mail in the chain. This is an e-mail from you  
14 to Mr. McLaughlin. Right?

15 A. Yes.

16 Q. And then there's also to Mr. Parker at Folio?

17 A. Yes.

18 Q. CC'ing Mr. Mueller and Mr. Allen?

19 A. Yes.

20 Q. And -- and there's also a CC to Ken Norensberg.  
21 Do you see that?

22 A. Yes.

23 Q. Who's Ken Norensberg?

24 A. He was a consultant, I guess you could say, for  
25 deeproot.

1           **Q. And do you -- do you recall Mr. Norensberg's**  
2           **background?**

3           A. Yes. He -- I believe he was -- he had his own  
4           company and he was on the FINRA board, I believe.

5           **Q. And what kind of services did he provide to**  
6           **deeproot?**

7           A. He -- I can't remember why Robert initially  
8           hired him, but I know he would come into town as well  
9           as, like, talk to us about conferences to go do or  
10          basically make introductions to people in his network,  
11          other broker-dealers and things of that nature.

12          **Q. Are you aware of whether Mr. Norensberg**  
13          **reviewed the deeproot ppms?**

14          A. I believe he did.

15          **Q. All right. And you're aware of any changes**  
16          **that Mr. Norensberg recommended to the deeproot ppms?**

17          A. Not aware of any changes he made or  
18          recommended.

19          **Q. Are you aware of Mr. Norensberg expressing any**  
20          **concerns about the company advance section of the ppms?**

21                   **MS. WARDEN:** Objection, vague as to  
22          concerns.

23          A. I'm not aware.

24          **Q. (BY MR. HULINGS) Are you aware of**  
25          **Mr. Norensberg recommending any changes to the**

1 company advance section to the ppms?

2 A. No, I'm not aware.

3 Q. Are you aware of Mr. Norensberg telling  
4 deeproot that it was improper for -- let me rephrase.  
5 Did Mr. Norensberg express any -- did Mr. Norensberg  
6 express to deeproot that there were any problems in the  
7 way that the 575 Fund was making payments to its  
8 investors?

9 MS. WARDEN: Objection, vague. Calls for a  
10 legal conclusion.

11 A. Not that I'm aware.

12 Q. (BY MR. HULINGS) All right. Did deeproot make  
13 contact with Folio through Mr. Norensberg? Do you  
14 recall that?

15 A. I do not recall.

16 Q. All right. And are you aware of the company  
17 that eventually acquired Folio?

18 A. Now that you said that, vaguely, at maybe  
19 towards the end of my time. I don't recall. I don't  
20 remember a whole lot about that.

21 Q. You're -- are you aware that Goldman Sachs  
22 later acquired Folio?

23 A. That -- now, they -- that sounds familiar. I'm  
24 not sure when it happened though.

25 Q. Okay. All right. So this is an e-mail

1 A. Yes.

2 Q. What did you mean by "good to close"?

3 A. They had a different process to funding the  
4 account. So they had to close -- basically once they  
5 closed, then they sent the -- sent the investment  
6 dollars.

7 Q. Okay. And so these are investors that deeproot  
8 gained through the Folio website. Correct?

9 MS. WARDEN: Objection, misstates  
10 testimony.

11 A. Correct.

12 Q. (BY MR. HULINGS) And does -- do these e-mails  
13 refresh your memory as to the kind of diligence that  
14 Folio conducted in order to permit deeproot to be listed  
15 on their website?

16 A. Yes. I mean, Folio had a relationship with  
17 FactRight and used that FactRight report as their due  
18 diligence prior to working with deeproot.

19 Q. So are you aware of Folio informing deeproot  
20 that it needed to change any of its ppms?

21 A. Not that I recall.

22 MS. WARDEN: Objection, vague.

23 Q. (BY MR. HULINGS) All right. Do you re --

24 A. Not that I recall.

25 Q. Okay. Sorry. Do you recall Folio ever

1     indicating to deeproot that it needed to change the  
2     advance section of the -- of its ppms?

3             A.   No.

4             **MR. HULINGS:** All right. Okay. This is a  
5     good stopping point before I change the subject. So I  
6     think we should take a break now. Maybe an hour for  
7     lunch, if that sounds good to everybody.

8             **MR. SHEDLOCK:** Back at 1:40?

9             **MR. HULINGS:** Great.

10            **MS. WARDEN:** Mr. Hulings, can you share  
11     your exhibits used so far?

12            **MR. HULINGS:** Sure. I'll send you an  
13     e-mail.

14            **MS. WARDEN:** Okay.

15            **THE VIDEOGRAPHER:** All right. Off the  
16     record, 12:40.

17                     (Recess 12:40 p.m. to 1:40 p.m.)

18            **THE VIDEOGRAPHER:** The time is 1:40. We're  
19     on the record.

20            **Q. (BY MR. HULINGS)** Okay. Mr. Spradlin, welcome  
21     back. Before the break we were -- you might recall we  
22     were talking about Folio and FactRight. Do you recall  
23     that?

24            A.   Yes.

25            **Q. Are you aware of any other entities that**



1 A. What I told of the source of income? Yeah.

2 Q. Okay. And do you recall telling the SEC that  
3 the source of income for the 575 Fund did not come up  
4 often? Sound familiar?

5 A. Yes.

6 Q. Do you recall any occasions in which it did  
7 come up?

8 A. Not specific occasions, no.

9 Q. Do you have any memory of who may have raised  
10 the issue when it did come up?

11 A. Around income?

12 Q. Yes, the source of income --

13 A. From the --

14 Q. -- for the 575 Fund.

15 A. No.

16 Q. All right. Do you recall the SEC also asked  
17 you where deeproot got the money to make the 575  
18 payments? Slightly paraphrased, but do you remember a  
19 question to that effect?

20 A. Yes.

21 Q. All right. And do you recall telling the SEC  
22 that payments were made, at least in part, from new  
23 investor funds as stated in the ppms? Do you recall an  
24 answer to that effect?

25 A. Yes.

1 Q. All right. And do you recall the SEC asked you  
2 some follow-up questions to which you responded -- to  
3 which you identified the advance section of the ppms?  
4 Do you recall that?

5 A. Yes.

6 Q. All right. So you also told the SEC that you  
7 asked Mr. Mueller whether it was okay -- I think using  
8 your words -- let me rephrase. Well, I think you --  
9 you -- the SEC also asked you whether you spoke with  
10 Mr. Mueller about making payments from new investor  
11 funds to pay the 575 guaranteed payments. Do you recall  
12 that?

13 A. Yes.

14 Q. All right. And you told the SEC that you did  
15 remember that conversation. Do you recall that?

16 A. Yes. I remember having the conversation.

17 Q. Okay. I want you to tell me everything you  
18 remember about that conversation. Let's start with was  
19 it one conversation or more than one conversation?

20 MS. WARDEN: Objection, compound.

21 MR. HULINGS: All right. Fine.

22 Q. (BY MR. HULINGS) Was it one conversation?

23 A. I believe it was one conversation.

24 Q. All right. Do you remember approximately when  
25 that conversation took place?

1 Q. Did you tell anyone else other than your  
2 attorney -- I don't want to know about that. Did you  
3 tell anyone else at deeproot about this conversation?

4 A. Not that I recall.

5 Q. Do you recall Mr. Mueller mentioning anything  
6 about advice from the attorneys?

7 A. With regard to that conversation?

8 Q. Yes.

9 A. No.

10 Q. All right. Do you recall at a different time  
11 Mr. Mueller stating that attorneys had approved the ppms  
12 before they were issued?

13 MS. WARDEN: Objection, asked and answered.

14 A. I recall him referencing the attorneys and  
15 creating the ppm with them. I don't know if he used the  
16 word "approved" or not.

17 Q. (BY MR. HULINGS) And when -- when Mr. -- when  
18 you asked Mr. Mueller -- well, in this conversation that  
19 we're discussing with Mr. Mueller, did Mr. Mueller give  
20 you any reason to think that Mr. Mueller believed he was  
21 doing some wrong?

22 A. No.

23 Q. So is it fair to say Mr. Mueller gave you the  
24 impression that he believed that the ppms adequately  
25 disclosed how the 575P payments were being made?

1                   **MS. WARDEN:** Objection, misstates testimony  
2 and vague.

3           A. Yes.

4           **Q. (BY MR. HULINGS)** Did Mr. Mueller, at any point  
5 after that conversation, do anything to give you the  
6 impression that Mr. Mueller believed he was -- let me  
7 rephrase. Well, let me ask it this way: In this  
8 conversation in 2019, you had had -- you previously had  
9 a Series 7 and Series 63. Correct?

10          A. Correct.

11          **Q.** And you had then and are still a certified  
12 financial adviser?

13          A. Correct.

14                   **MR. SHEDLOCK:** Objection. It misstates  
15 testimony. Certified financial planner, I believe.

16                   THE WITNESS: Yes. Yes.

17                   **MR. HULINGS:** Thank you. Yeah.

18          **Q. (BY MR. HULINGS)** And is there a difference  
19 between a certified financial planner and a certified  
20 financial adviser?

21          A. It's a CFP, certified financial planner, or a  
22 financial adviser.

23          **Q.** Okay. But you had a certified financial  
24 planner certificate?

25          A. Correct.

1 Q. Okay. You had also read the ppms pretty  
2 thoroughly by this point?

3 A. I had read the ppms several times --

4 Q. And you had --

5 A. -- yes.

6 Q. And you had explained -- sorry to cut you off.  
7 And you had -- you had explained ppms to potential  
8 investors and -- and others who had questions about  
9 them?

10 A. Correct.

11 Q. So you could read the advance section of the  
12 ppms and make up your own mind about whether or not the  
13 575P payments were adequately addressed in that section  
14 of the ppms. Correct?

15 MS. WARDEN: Objection, calls for  
16 speculation.

17 A. Yes. I'm capable of making up my own mind. I  
18 don't recall if I specifically had a doubt and then read  
19 that in the ppm to confirm that doubt. I don't recall  
20 that.

21 Q. (BY MR. HULINGS) But you gave presentations to  
22 investors after this conversation with Mr. Mueller.  
23 Correct?

24 A. Correct.

25 Q. And there -- you -- deeproot accepted

1 investments from investors after you had this  
2 conversation with Mr. Mueller. Correct?

3 A. Correct.

4 Q. And if you had thought that the 575 -- let me  
5 rephrase. If you had thought that the advance -- you  
6 would not have given presentations to investors  
7 encouraging them to invest in the 575 Fund if you  
8 believed that there was anything improper, misleading or  
9 false about the advance section of the ppms. Correct?

10 MS. WARDEN: Objection, vague. Compound.  
11 Calls for a legal conclusion.

12 A. Correct.

13 Q. (BY MR. HULINGS) You were not -- in your role  
14 at deeproot, you were not going to intentionally mislead  
15 a potential investor. Correct?

16 MS. WARDEN: Objection, calls for a legal  
17 conclusion.

18 A. Correct.

19 Q. (BY MR. HULINGS) And so even after this  
20 conversation, you elected to go forward with your  
21 solicitation of new investments into the 575 Fund.  
22 Correct?

23 A. Correct.

24 Q. Okay. Do you recall during your SEC deposition  
25 that you were asked about Scott Allen's departure memo?

1 Q. Okay. All right. Do you recall describing  
2 your understanding of a Ponzi scheme to the SEC in your  
3 2021 deposition?

4 A. Yes.

5 Q. And I'm going to read it to you. "My  
6 understanding of a Ponzi scheme is where there's no  
7 assets being purchased and solely money coming in and  
8 going out." Was that -- was that your testimony?

9 A. Correct.

10 Q. And at -- at the time you were at deeproot, was  
11 that your understanding of what a Ponzi scheme was?

12 A. Yes.

13 Q. And you told the SEC in your deposition that  
14 you did not think that deeproot was operating like a  
15 Ponzi scheme. Is that right?

16 A. That's correct.

17 Q. And -- and the reason you gave the SEC is that  
18 deeproot spent the money it received from investors in  
19 the way that it told investors it would spend that  
20 money. Correct?

21 A. Can you repeat that?

22 Q. Yeah. I'm -- I'm paraphrasing your -- your  
23 testimony a little bit. So the company was spending --  
24 so the company -- the 575 Fund represented to investors  
25 that it would spend money that it received from

1 investors on deeproot Pinball. Correct?

2 A. Yes.

3 Q. And it also represented that it would be  
4 spending some of that money on deeproot Studios?

5 A. Correct.

6 Q. And all of the other affiliated entities that  
7 are referenced in the presentations and the ppms that  
8 we've talked about earlier today. Correct?

9 A. Correct.

10 Q. So deeproot was representing that it would  
11 spend investor money on all of these affiliated  
12 investments as disclosed in the ppms. Correct?

13 MS. WARDEN: Objection, misstates  
14 testimony.

15 A. Correct.

16 Q. (BY MR. HULINGS) And you were aware that  
17 deeproot was, in fact, spending money on deeproot  
18 Pinball, deeproot Studios, and these other affiliated  
19 entities. Correct?

20 A. Correct.

21 Q. So at the time -- is it fair to say that at the  
22 time you did not think that deeproot was running a Ponzi  
23 scheme because it was using the money provided by  
24 investors in the manner that it told investors it would  
25 use the money? Correct?



1                   **MS. WARDEN:** Objection, calls for  
2 speculation. Calls for a legal conclusion.

3           A. Correct.

4           **Q. (BY MR. HULINGS)** Okay. Let's change the  
5 subject a little bit. I'm going to show you what's been  
6 previously marked as Exhibit 12. Okay. Do you see this  
7 document?

8           A. I do.

9           **Q.** All right. What -- what is this document?

10          A. Bonus agreement.

11          **Q.** All right. And this is an agreement that you,  
12 Mr. Allen, and Mr. Mueller signed?

13          A. Correct.

14          **Q.** On August 9th, 2019?

15          A. Yes.

16          **Q.** And did you draft this document?

17          A. I think he told us to propose an agreement and  
18 so we proposed it and then he -- I think he made some  
19 final edits and then we signed it.

20          **Q.** Okay. So "he" is -- is Robert Mueller?

21          A. Yes.

22          **Q.** All right. And was there a conversation with  
23 Mr. Mueller prior to you providing the original draft of  
24 this bonus agreement to Mr. Mueller?

25          A. Yes.

1 were asking questions about the deeproot Pinball  
2 business. Is that fair?

3 A. Yes. Yes.

4 Q. And based on those conversations, did you make  
5 any recommendations to Mr. Mueller about how he should  
6 respond to those questions?

7 A. I believe we told him to write up some kind of  
8 answer to some of the questions that were being asked so  
9 we could provide them to the finders.

10 Q. All right. Okay. I'm going to show what you  
11 has previously been introduced as Exhibit 25. Okay. Do  
12 you recognize this document?

13 A. I believe so.

14 Q. So what is this?

15 A. Basically a summary of -- I think a summary of  
16 the investments or -- or, more specifically, the -- the  
17 Pinball. And now you have to scroll down.

18 Q. Okay. Let me -- so it says, "We have recently  
19 received the following questions which we intend to  
20 answer in this narrative." Do you see that?

21 A. Yes.

22 Q. Is this document the document that Mr. Mueller  
23 prepared in response to your recommendation that he  
24 provide answers on how the Pinball operation was being  
25 managed?

1 MS. WARDEN: Objection --

2 A. Yes.

3 MS. WARDEN: -- compound.

4 A. Yes, it looks like it.

5 Q. (BY MR. HULINGS) All right. And so Part 1 of  
6 this document states "Investment Portfolio Analysis."  
7 Do you see that?

8 A. Yes.

9 Q. And it includes this Q2 2019 portfolio graphic  
10 that we've seen before. Correct?

11 A. Correct.

12 Q. Is this the -- appear to be the same graphic or  
13 something similar that was included in the PowerPoint  
14 presentations that you provided to investors?

15 A. Yes.

16 Q. All right. Then if we go to page 6 -- let me  
17 scroll through. Is the -- is page 2, 3, and 4 of this  
18 document -- does this summarize the investments that  
19 deeproot was making in the affiliated entities through  
20 575 Fund?

21 A. Yes.

22 Q. So that includes Pinball, Tech, the Life  
23 Policies, Art and Animation, and Real Estate. Correct?

24 A. Correct.

25 Q. And the real estate that is referenced in this

1 document is the debt funding by note for the  
2 construction of a car wash. You see that?

3 A. Yes.

4 Q. And were you involved in the negotiations  
5 regarding the -- the note for this car wash?

6 A. I was involved in the conversations early on.  
7 And then I think at some point the agreement changed and  
8 I was not involved in those conversations.

9 Q. Okay. You were aware that -- that deeproot had  
10 loaned money through a note for the construction of a  
11 car wash. Correct?

12 A. Yes.

13 Q. All right. Let's go to page 6. And this  
14 section is Pinball Narrative. Do you see this?

15 A. Yes.

16 Q. And 6 through -- page 6 through 14, is this a  
17 summary of deeproot's pinball business?

18 MS. WARDEN: Objection, misstates  
19 testimony.

20 A. It appears to be.

21 Q. (BY MR. HULINGS) Okay. And did you review  
22 this document after you received it from Mr. Mueller?

23 A. Probably.

24 Q. Were you aware of anything that's in this  
25 document that is false?

1 A. Not to my memory, not that I'm aware of.

2 Q. So this 8-page description about the pinball  
3 business, are you aware of anything that this document  
4 left out of that description of the pinball business?

5 MS. WARDEN: Objection, vague as to left  
6 out.

7 A. Not that I'm aware of.

8 Q. (BY MR. HULINGS) Let me put it this way. Are  
9 you aware of any material information regarding the  
10 management of the pinball business that was omitted from  
11 this document?

12 MS. WARDEN: Objection.

13 A. Not --

14 MS. WARDEN: Calls for a legal conclusion.

15 A. Not that I'm aware of.

16 Q. (BY MR. HULINGS) Did you provide this document  
17 to any finders?

18 A. I believe so.

19 Q. Did you -- to the extent that you can recall,  
20 did you produce -- provide this document to more than  
21 one finder?

22 A. Most likely.

23 Q. Do you recall how many finders you provided  
24 this to?

25 A. I don't. Most likely anybody that had

1 like we had no right to, you know, question his ability  
2 to run the business.

3 Q. And -- and those concerns, were they -- were  
4 they the concerns we discussed earlier regarding the  
5 amount of expenditures of -- of deeproot?

6 A. They were regarding the MACU building, the  
7 scaling of the -- of Pinball -- of the -- of the  
8 business. They were regarding the Basha policy. So  
9 there were several things that -- that kind of built on  
10 each other.

11 Q. All right. So can you tell me all of the --  
12 all of the concerns that you expressed to Mr. Mueller  
13 that led to the strained relationship? You said there  
14 were several.

15 A. I mean -- yeah. Those -- those are ones that I  
16 just stated that I remember. Yeah. It's -- I'm sure  
17 there are others, but --

18 Q. So not included on that list is any concern  
19 about the contents of the ppms. Right?

20 MS. WARDEN: Objection, vague.

21 A. Correct.

22 Q. (BY MR. HULINGS) And so put another way, when  
23 you were -- when you offering criticisms to Mr. Mueller  
24 about how the deeproot businesses were being run, you  
25 were not suggesting changes to the ppms. Correct?

1 Counsel.

2 Q. (BY MS. WARDEN) Did you provide Exhibit 5 to  
3 deeproot investors?

4 A. Yes.

5 Q. Okay. And did you provide Exhibit 5 to finders  
6 as well?

7 A. I believe so, yes. Yes. Yes.

8 Q. Okay. And did you provide any instructions to  
9 the finders about how ppms should be distributed to  
10 potential investors?

11 A. I'm sure we did. I think so.

12 Q. And do you recall what those instructions were?

13 A. On how they should distribute them to  
14 investors?

15 Q. Uh-huh.

16 A. No, I do not recall that.

17 Q. Okay. Did Mr. Mueller give you any guidance  
18 with respect to how the ppms should be distributed to  
19 potential investors and finders?

20 A. I mean, if I would have given instructions,  
21 those would have come from Robert.

22 Q. And you mentioned previously today that it's  
23 your understanding Robert Mueller prepared the ppms in  
24 consultation with his attorney, Dennis Concilla. Is  
25 that correct?

1           A. That's -- that's my understanding.

2           **Q. Okay. What conversations do you recall -- do**  
3 **you recall Robert Mueller discussing advice he received**  
4 **from Dennis Concilla?**

5           A. No.

6           **Q. Do you recall Robert Mueller discussing Dennis**  
7 **Concilla at all?**

8           A. I think at the beginning that's -- that --  
9 like, I know that that was the attorney that he -- or  
10 I -- I believe that that was the attorney that he used.  
11 So his name was brought up, but I don't remember any  
12 specific conversations around that.

13           **Q. And you don't recall the context in which**  
14 **Dennis Concilla's name was brought up by Mr. Mueller?**

15           A. No. I mean, I believe he was the -- a  
16 securities attorney that helped in the drafting of the  
17 ppms.

18           **Q. Okay. And you're basing that understanding on**  
19 **what?**

20           A. On just my understanding of how this was all  
21 structured.

22           **Q. From --**

23           A. That he had consulted an attorney to write the  
24 ppms. That -- that's -- that's my understanding, but  
25 that understanding doesn't come from, like, a specific



1 memory around a conversation that we had.

2 Q. Okay. Do you recall Robert Mueller discussing  
3 any other Carlile Patchen attorneys?

4 A. I thought there were two, but I don't recall  
5 any names.

6 Q. Okay. Do you recall Robert Mueller ever  
7 telling you that the ppms were approved by his  
8 attorneys?

9 A. I don't recall that specific language.

10 Q. Do you recall Robert Mueller ever telling you  
11 that disclosures to investors generally were approved by  
12 his attorneys?

13 MR. HULINGS: Objection, vague as to  
14 disclosed generally.

15 A. Don't recall.

16 Q. (BY MS. WARDEN) Okay. All right. I'm going  
17 to direct your attention to pdf page 9. Okay. Do you  
18 see in bold Life Policies? So the first sentence that I  
19 highlighted. "We will invest in Life Insurance  
20 Policies, Life Policies, Policies, Contracts as the  
21 simple majority of our Fund Assets." Did --

22 A. Yes.

23 Q. Did Mr. Mueller ever explain to you how "simple  
24 majority of our fund assets" was calculated?

25 A. Not that I recall.

1 Mr. Mueller did any analysis of whether such capital  
2 investments in deeproot affiliates were suitable  
3 investments for his investor funds?

4 MR. HULINGS: Objection, vague as to  
5 analysis.

6 A. Yeah. Can you clarify that for me?

7 Q. (BY MS. WARDEN) Are you aware of whether  
8 Mr. Mueller performed any research prior to making  
9 investment in deeproot affiliates?

10 MR. HULINGS: Vague as to research.

11 A. I -- I believe so. I was -- I was always under  
12 the impression that -- yeah -- like, he knew what he was  
13 doing with Pinball, if that's what you're asking.

14 Q. (BY MS. WARDEN) Okay. But based upon  
15 Mr. Mueller's own research?

16 MR. HULINGS: Objection, vague as to  
17 research.

18 A. Yeah. I'm -- I'm --

19 Q. (BY MS. WARDEN) Are you aware of whether  
20 Mr. Mueller hired any independent people to analyze  
21 whether or not to make investments in deeproot  
22 affiliates?

23 MR. HULINGS: Objection as to independent  
24 people. Vague.

25 A. Yeah. I'm -- I'm unaware of what he did

1 payment fit into this paragraph or not. I don't recall  
2 that. But, like, reading it, administrative expense --  
3 expenses, like if I were to list out administrative  
4 expenses, it would be, like, office paper and computer  
5 supplies and like that. That kind of stuff is how I  
6 would classify that. But when I was working there --  
7 again, without really specifically looking at this  
8 paragraph for those 575P payments, I'm not sure how I  
9 intended or understood that at that time.

10 **Q. (BY MS. WARDEN) Did you think that periodic**  
11 **payments from the 575 Fund could be paid to investors**  
12 **based upon the company advance provision in the ppm?**

13 **MR. HULINGS:** Calls for a legal conclusion.  
14 Calls for an opinion from a lay witness and asked and  
15 answered.

16 A. Yes.

17 **Q. (BY MS. WARDEN) Yes, you thought monthly**  
18 **payments --**

19 A. Yeah.

20 **Q. -- for 575P investors could be paid based upon**  
21 **this provision in the company advance?**

22 A. Correct.

23 **Q. Because a monthly payment to 575P investors**  
24 **could be a nominal administration expense in your**  
25 **opinion?**

1 told you that he was using new investor money to pay  
2 existing -- no -- to pay -- Scratch that.

3 When Mr. Mueller told you that he was using  
4 new investor funds to make up the missed payroll  
5 payments, what was your reaction?

6 A. I assumed that was okay and part of the normal  
7 operating of the business.

8 Q. Okay. And did Mr. Mueller -- sorry -- did  
9 Mr. Mueller tell you -- did he cite to any -- did he  
10 cite the ppm?

11 MR. HULINGS: Objection, vague as to --

12 A. No.

13 MR. HULINGS: -- cite. Sorry.

14 A. No. I believe -- I don't think there was a  
15 concern around that.

16 Q. (BY MS. WARDEN) Okay. At some point did you  
17 become aware that deeproot was unable to make 575P  
18 monthly payments to existing investors?

19 A. Yes.

20 Q. Okay. And roughly when did you become aware of  
21 this?

22 A. Sorry. The question was if I was aware if they  
23 missed -- that he was missing, yeah.

24 Q. Yeah.

25 A. I mean, I'm not sure, like, whenever the first

1 Q. With Mr. Mueller?

2 A. Yes.

3 Q. Okay. And what was your reaction to learning  
4 that Mr. Mueller was making monthly 575P payments with  
5 new investor funds?

6 MR. HULINGS: Objection, vague as to  
7 reaction and asked and answered.

8 A. Yeah. I mean, I -- I don't think there was --  
9 I didn't -- it wasn't a matter of, like, finding out  
10 that he was doing this and thinking he was doing  
11 something wrong. At -- at -- at some point learned  
12 that's how the fund was operating and at some point had  
13 a conversation, maybe it was early on in training or,  
14 again, when we referenced it, this conversation we had  
15 around that being okay and legal. But, I mean, in -- in  
16 2019, early on when he missed the payments and then  
17 resumed them, the concern was around missing the  
18 payment, not around if that was legal to -- to do so.

19 Q. (BY MS. WARDEN) Okay. Let me just unpack  
20 that. Who do -- do you recall Mr. Mueller telling you  
21 that using new investor funds to pay existing investors  
22 was legal?

23 MR. HULINGS: Asked and answered a couple  
24 times.

25 A. Yeah. I mean, based on my training and then,

1 again, the conversation we had in 2019 that we  
2 referenced, you know, yes, I assumed that that was  
3 legal.

4 Q. (BY MS. WARDEN) No, no, no. My question was  
5 do you recall Mr. Mueller saying that it was legal for  
6 him to pay existing 575P investors with new investor  
7 funds?

8 MR. HULINGS: Vague and asked and answered.

9 A. The only specific conversation I remember  
10 around that was the one we already discussed later in  
11 2019 where he referenced the ppm and the -- and the  
12 advance. That's what I was referencing.

13 Q. (BY MS. WARDEN) Oh, I see. In the  
14 conversation where you discussed, Mr. Mueller referred  
15 to the ppm and as support for using new investor funds  
16 to pay existing 575P investors. Is that fair?

17 MR. HULINGS: Objection, vague.

18 A. That is --

19 MR. HULINGS: Asked and answered. Sorry.

20 A. That -- that is the only conversation, specific  
21 conversation I -- I recall. Yeah. I mean, it was  
22 likely discussed earlier on, but that is the only  
23 conversation I recall.

24 Q. (BY MS. WARDEN) Okay. Did you ever ask  
25 Mr. Mueller about potential concerns relating to

1     **these presentations to finders or investors?**

2           A. Not specifically. I -- I -- I think it was in  
3     regards to the overall allocation of the funds or the  
4     investments. They would have been outlined in the --  
5     the presentations that I believe you-guys have. So I  
6     don't remember specifically what exactly we changed.

7           **Q. Earlier today you testified that you did not**  
8     **give misleading information to any investors at the**  
9     **time. Do you recall that?**

10           **MR. HULINGS:** Objection, misstates prior  
11     testimony.

12           A. Correct.

13           **Q. (BY MS. WARDEN) Okay. At some point did you**  
14     **come to learn that you did provide misleading**  
15     **information to potential deeproot investors?**

16           **MR. HULINGS:** Objection, calls for a legal  
17     opinion. Calls for speculation. Calls for -- it's a --  
18     lack of foundation. It's also incredibly irrelevant.

19           A. No. I don't believe there's a point where I  
20     felt that I was -- that I had given misrepresentation  
21     other than when I quit. I no longer felt confident in  
22     the company. I didn't feel comfortable moving forward  
23     or discussing with investors or anything like that.

24           **Q. (BY MS. WARDEN) Okay. So today I guess --**  
25     **sitting here today, you don't think that you made any**

1     **misleading statements to any potential deeproot**  
2     **investors?**

3                 **MR. HULINGS:**   So -- hold on.   So that's --  
4     it calls for a legal conclusion.   It's vague.   It's  
5     argumentative.   It's asked and answered and -- and not  
6     relevant.

7                 A.   Sitting here today, I -- misleading information  
8     to investors.   I -- I don't -- I don't believe so.   I  
9     think, as I testified to the SEC prior to that, I'm sure  
10    that deeproot could have disclosed more and disclosed it  
11    sooner, but the -- from my understanding and opinion  
12    that -- that -- that the information was disclosed and  
13    at the time I was comfortable sharing the information on  
14    the fund.

15                **Q.   (BY MS. WARDEN)   What -- what was the**  
16     **additional information that deeproot could have**  
17     **disclosed more of?**

18                **MR. HULINGS:**   Objection, calls for a legal  
19     conclusion.   Calls for speculation.   Vague.

20                A.   I would say more disclosure probably around  
21     Pinball.   I think he started scaling that more and more,  
22     probably could have disclosed that, more of that sooner.

23                **Q.   (BY MS. WARDEN)   Disclosed that more investor**  
24     **funds were -- were going to the Pinball company.   Is**  
25     **that -- is that fair?**



1 IN THE UNITED STATES DISTRICT COURT  
 2 FOR THE WESTERN DISTRICT OF TEXAS  
 3 SAN ANTONIO DIVISION

4 SECURITIES AND EXCHANGE )  
 COMMISSION )

5 Plaintiff, )

6 -against- )

Civil Action

) No.: 5:21-cv-785-XR

7 ROBERT J. MUELLER, DEEPROOT )  
 FUNDS LLC (a/k/a dprt Funds, )  
 8 LLC), AND POLICY SERVICES, )  
 INC., )

9 Defendants, )

10 -and- )

11 DEEPROOT TECH LLC, DEEPROOT )  
 12 PINBALL LLC, DEEPROOT )  
 STUDIOS LLC, DEEPROOT )  
 13 SPORTS & ENTERTAINMENT LLC )  
 DEEPROOT RE 12621 SILICON )  
 14 DR LLC, AND ROBERT J. )  
 MUELLER, JEFFREY L. MUELLER, )  
 15 AND BELINDA G. BREEN, AS )  
 CO-TRUSTEES OF THE MB HALE )  
 16 OHANA REVOCABLE TRUST, )

17 Relief Defendants. )

18 VOLUME 1 OF 1  
 19 ORAL AND VIDEOTAPED DEPOSITION OF  
 NATHAN SPRADLIN  
 20 MARCH 21, 2023  
 (CONDUCTED REMOTELY)

21 I, MONICA VICTOR, Certified Shorthand Reporter in  
 22 and for the State of Texas, hereby certify to the  
 23 following:

24 That the witness, NATHAN SPRADLIN, was duly sworn  
 by the officer and that the transcript of the oral  
 25 deposition is a true record of the testimony given by  
 the witness;

1 Mr. H. Jay Hulings.

2 That a copy of this certificate was served on all  
3 parties and/or the witness shown herein on

4 I further certify that pursuant to FRCP No.  
5 30(e)(2) that the signature of the deponent:

6 X was requested by the deponent or a party before  
7 the completion of the deposition and that the signature  
8 is to be returned within 30 days from date of receipt of  
9 the transcript. If returned, the attached Changes and  
10 Signature Page contains any changes and the reasons  
11 therefor;

12 \_\_\_\_\_ was not requested by the deponent or a party  
13 before the completion of the deposition.

14 I further certify that I am neither counsel for,  
15 related to, nor employed by any of the parties in the  
16 action in which this proceeding was taken, and further  
17 that I am not financially or otherwise interested in the  
18 outcome of the action.

19 Certified to by me this 6 day of April

20 *Monica Victor*



21 Monica Victor, CSR No. 3076  
22 Expiration: January 31, 2025  
23 FIRM REGISTRATION NO. 223  
24 WORLDWIDE COURT REPORTERS, INC.  
25 12621 Featherwood Drive  
Suite 290  
Houston, Texas 77034  
Phone: 713.572.2000  
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